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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05/12/08

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Prime Minister's schedule, May 9

NIKKEI (Page 2) (Full) May 10, 2008

#### 09:04

Attended a cabinet meeting. Chief Cabinet Secretary Machimura stayed on.

# 09:27

Met Deputy Chief Cabinet Secretary Ono at the Kantei.

### 11:16

Gave an interview to China Central Television.

#### 13:02

Attended a Lower House plenary session.

#### 15:04

Attended a joint examination meeting of the Upper House Financial Affairs Committee and the Land and Infrastructure Committee.

#### 18:55

Met Indonesia Regional Representative Council Chairman Ginanjar.

#### 19:43

Retuned to his official residence.

Prime Minister's schedule, May 10

NIKKEI (Page 2) (Full) May 11, 2008

## 13:00

Gave interview to the Washington Post.

### 14:35

Met Lower House member Mitsuo Horiuchi.

## 15:53

Met advisor Ito.

Prime Minister's schedule, May 11

NIKKEI (Page 2) (Full) May 12, 2008

10:01

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Arrived at his private residence in Nozawa.

14:49

Arrived at his official residence.

4) Japan the keystone of U.S. foreign policy in Asia-Pacific region: Negroponte

MAINICHI (Page 5) (Full) May 10, 2008

Foreign Minister Masahiko Koumura met with visiting U.S. Deputy Secretary of State Negroponte at the Foreign Ministry on May 9. At the beginning of the meeting, Negroponte underscored the stance of attaching paramount importance to Japan-U.S. relations, saying, "The keystone of U.S. foreign policy in the Asia-Pacific region is Japan."

Negroponte's playing up the Japan-U.S. alliance is believed to reflect an awareness of Japan's concern about current talks between the United States and North Korea, as led by the Bush administration, now in its final months. The United States and North Korea last month seemed to meeting each other half way over North Korea's declaration of all of its nuclear programs, including uranium enrichment. On May 8, North Korea submitted documentation of operating records for the Yongbyon nuclear complex. An environment is now being created for the United States to delist North Korea as a state sponsor of terrorism. "We are not able to hear everything they discuss in their talks," said a senior Foreign Ministry official, voicing concern about Japan unable to become involved in the process of ongoing negotiations between the United States and North Korea. "They came up with the operating records," Negroponte said, "and this is a big step in the larger process of the six-party talks." He stressed, though, that it would take time for progress to emerge.

Negroponte is currently on a tour of Asia mainly for the purpose of listening to the views of Japan, China, and South Korea. He seemed to have intended in Tokyo to wipe away the government's growing sense of distrust toward the United States over progress in its talks with North Korea.

5) Ishiba, Negroponte express concern about China's expanding military budget

NIKKEI (Page 2) (Full) May 10, 2008

Defense Minister Shigeru Ishiba met yesterday with U.S. Deputy Secretary of State Negroponte, who was visiting Japan. He expressed concern about the rapid increase in China's military spending, and the two agreed on the view that China should make its military budget more transparent. The two leaders also agreed to steadily implement the realignment of U.S. forces in Japan.

6) U.S. military to push realignment steadily: Negroponte

AKAHATA (Page 2) (Full) May 10, 2008

Defense Minister Shigeru Ishiba met on May 9 with visiting U.S. Deputy Secretary of State Negroponte at the Defense Ministry.

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In the meeting, Negroponte stressed the need for Japan and the United States to push ahead with the planned realignment of U.S. forces in Japan in a steady manner, including the relocation of Futenma airfield in Ginowan, Okinawa Prefecture, based on an intergovernmental agreement between Japan and the United States. "We want to make efforts for all those concerned from the perspective of maintaining the U.S. military's deterrence and alleviating the local burden," Ishiba said.

Negroponte expressed his gratitude for Japan's resumed refueling activities in the Indian Ocean under a new antiterrorism special measures law.

Referring to China's growing military spending, Ishiba voiced concern about its nontransparency. Ishiba and Negroponte confirmed that the Japan and the United States would closely exchange intelligence on China's military trends.

Later in the day, Negroponte met with Foreign Minister Masahiko Koumura. In the meeting, they exchanged views about extending a helping hand to Myanmar (Burma) due to its serious damage from a recent major cyclone.

7) G-8 meeting of labor ministers: Discussion to be focused on measures to improve labor markets

NIKKEI (Page 3) (Excerpts) May 12, 2008

Senior officials from the Group of Eight (G-8) gathered in Niigata City yesterday as part of the G-8 Summit (Lake Toya Summit) in July. The participants launched a discussion on employment in connection with the environment prior to the G-8 Summit, at which measures to fight global warming will be high on the agenda. In the G-8 labor summit, the participants will discuss how to improve the current unstable labor markets due to global financial instability and to protect the increasing number of irregular workers.

Participating in the conference are representatives from the G-8, the International Labor Organization (ILO), and the Organization for Economic Cooperation and Development (OECD). Representatives from the Thailand and Indonesia have also been invited. The conference will be wound up after a chairman's summary statement is announced early tomorrow afternoon.

In the session on the first day, Minister of Health, Labor and Welfare Yoichi Masuzoe, who chairs the conference, said in the opening speech: "Workers' status and rights are being threatened by speculation in the financial markets. We would like to find ways to improve the situation." Representatives from the G-8 and various labor and business organizations exchanged views.

John Sweeney, chairman of the Advisory Committee of OECD Labor Unions, pointed out: "Rising oil and food prices, in addition to sliding stock prices, triggered by credit woes stemming from the U.S. subprime mortgage crisis, have negatively affected the labor market." He then called on the governments and the central banks to take bold and swift action.

8) ILO director general: Protecting the environment will contribute to creating jobs

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NIKKEI (Page 3) (Full) May 12, 2008

Juan Somavia, director general of the International Labor Organization (ILO), who is currently visiting Japan for the G-8 meeting of labor ministers, said in an interview with a Nihon Keizai Shimbun reporter yesterday: "Protecting the environment will not undermine economic growth but will contribute to creating jobs." He tried to apply pressure on developing countries that seek to give priority to economic growth over efforts to protect the environment. He added: "Such efforts can be the key to an agreement in negotiations on forming a new mechanism to combat global warming."

Somavia said that it will be possible to prevent opposition from growing by creating more jobs for constructing buildings that make use of photovoltaic power generation and environment-friendly technologies. He asked the Japanese government to map out assistance measures effective in creating jobs by utilizing its high level of technology and experience in the environmental area.

9) Burmese living abroad protest against their military junta holding referendum

ASAHI (Page 2) (Full) May 11, 2008

Burmese living in abroad on May 10 protested against their military junta holding a planned referendum on a new constitution amid the spreading damage caused by the recent massive cyclone. In Japan, about 200 Burmese in front of the Burmese Embassy in Shinagawa Ward, Tokyo, demanded the military junta help disaster victims instead of holding a referendum.

10) Prime Minister Fukuda sends letter to Burmese military junta

YOMIURI (Page 2) (Full) May 10, 2008

The Japanese government also is working on Burma (Myanmar) to accept aid personnel. Prime Minister Fukuda on May 9 sent a letter to the head of the military junta expressing feelings of sympathy for the cyclone victims. In the letter, he transmitted that a medical emergency team was prepared for dispatch to Burma and he stated his "expectation that you will consider positively" the acceptance of aid personnel.

Deputy Foreign Minister Ken'ichiro Sasae on the 9th called the Burmese ambassador to the ministry and asked that Burma accept the aid personnel. The ambassador stated, "I, too, would like to work on my home country to persuade them."

On the other hand, the government on the 9th decided to provide \$10 million to Burma via international organizations. This was the third time for the government to make a decision to provide assistance to the victims in Burma. The amount in Japanese yen now totals approximately 1.194 billion yen.

11) Prime Minister Fukuda calls for UN intervention in humanitarian aid to cyclone-ravaged Burma

MAINICHI (Page 2) (Full)

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May 12, 2008

Takanori Ishikawa

In an interview with the Washington Post dated May 11, Prime Minister Yasuo Fukuda referred to humanitarian aid to Burma, which was hit hard by a cyclone, and said: "I hope the United Nations will more actively intervene in such aid. I think it is essential for the UN to lead humanitarian aid so as not to put the Burmese government on alert." In the remarks, Fukuda indicated that although the Burmese government has refused to accept UN personnel, the international community needs to take action quickly to help Burma. In the interview, Fukuda said: "Japan is considering sending an (emergency) medical team (to Burma)."

12) Japan decides to offer additional 1 billion yen in aid to Burma apparently in order to counter China's expanding influence in that country

NIKKEI (Page 2) (Full) May 10, 2008

Japan has decided to offer a sizable amount of aid to Burma (Myanmar), which is suffering significant damage caused by the recent cyclone. Behind this move is Tokyo's judgment that

maintaining good relations with Burma is important for its diplomacy in strategic terms. Moreover, motivation includes the desire to counter China's rapidly expanding influence in Burma.

The government on May 9 announced \$10 million (more than 1 billion yen) in additional aid to Burma. Japan has become Burma's largest donor, surpassing Britain, even though this year until early May, when Burma was hit by the cyclone, Japan has announced aid only totaling 64 million yen.

To help Burma respond to the cyclone's damage, Britain offered approximately \$10 million dollars in aid. China and the United States also declared plans to offer Burma some \$5.3 million and some \$3.25 million, respectively, in relief aid.

On May 5, Japan, ahead of China and European nations, announced its aid offer to Burma. Japanese aid was the first package to reach Burma, arriving on May 7 before that of other countries. But in terms of size of the contribution, Japan was surpassed by the U.S., China, Britain, and Germany.

On the morning of May 8, the day after his meeting with Chinese President Hu Jintao, Prime Minister Yasuo Fukuda told Foreign Ministry officials to consider increasing Japan's aid amount to Burma, "You need to think about another tranche of fresh aid." On May 9, Fukuda sent a letter to Burma's State Peace and Development Council (SPDC) Chairman Than Shwe, the top leader of the military junta, that stated: "I hope to see your country positively consider accepting assistance and aid personnel from our country, other countries, and international institutions."

Japan's emphasis on aid to Burma apparently stems from its policy to secure natural resources, as well as its strategy toward China. In that context, relations with Burma are considered useful. An official in charge of security affairs cited these points: (1) Burma is endowed with abundant natural resources; (2) Burma is located at a geopolitically important spot, being located between China and

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India; and (3) if China's military presence in Burma grows stronger, it could affect the security of Japan's sea lanes.

An uncertain factor for Japan in deciding to provide aid to Burma is how the U.S. will respond to the disaster-hit country. The U.S. has assumed a hostile attitude toward the Burmese junta. The U.S. in the past repeatedly objected to Japan's providing aid to Burma, but according to a government source, the U.S. itself is now positive about providing Burma with humanitarian aid. Japan believes its decision to offer additional aid to Burma will not create friction with the U.S.

The question is how far Japan's aid diplomacy can be influential over Burma and help democratize that country. On May 8, Burma swiftly informed Japan of its intention to allow foreign diplomatic missions stationed in the country to monitor a national referendum slated for May 10, showing a certain degree of consideration to Japan. Members of the upcoming Group of Eight (G-8) Hokkaido Toyako Summit asked Japan in succession to strongly work on Burma to accept aid personnel from other countries. In terms of policy toward Burma, Japan's skills as the host nation of the G-8 summit will also be tested.

13) Fukuda, Hu play up results of visit but mutually beneficial aspect of Japan-China relations uncertain, with hard-line views stilling running strong

MAINICHI (Page 3) (Abridged slightly) May 11, 2008

Hu Jintao, the first Chinese president to visit Japan in ten years, described the results of his visit as a resounding success, and Prime Minister Yasuo Fukuda said the visit went better than expected. Issuing many joint statements, the two leaders have accomplished their objective of affirming "mutually beneficial" relations. At the same time, hard-line views toward each other remain entrenched in both countries. The results, as shown in the

papers signed, are tendentious, and must be balanced with what public opinion felt.

The official summit meeting between Fukuda and Hu on May 7 was attended by officials from both counties, including economic ministers. An informal dinner party held in Tokyo's Hibiya on the night of May 6 was the only occasion for the two leaders to have in-depth discussions on matters by themselves.

The summit meeting was attended by six on the Japanese side: Prime Minister Fukuda, Foreign Minister Masahiko Koumura, and four incumbent and former foreign ministry officials. The participants, picked by the prime minister himself, ended up exposing Fukuda's reliance on bureaucrats. The prime minister also stopped short of giving candid advice on the Tibetan issue.

The government was also not able to announce on time a joint press release and the set of agreements until the morning of May 8, due to a delay in the Chinese side's administrative procedures on two of the approximately 70 items, according to a negotiations source. Nevertheless, it was extremely rare for the government to expose confusion after a bilateral summit. An exchange of words of encouragement between Fukuda and Hu also exposed their dependency on their bureaucracies. Mutually beneficial relations seem fragile.

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14) Japan unable to determine amount of aid for Africa, making securing more support for Japan's approach to global warming uncertain

MAINICHI (Page 5) (Full) May 11, 2008

A Yokohama declaration to be issued after the Fourth Tokyo International Conference on African Development (TICAD 4), whose full text was unveiled yesterday, will clearly state African countries' support for the Japanese government's measures to fight global warming. The expression of such support reflects the African countries' hope for aid from Japan and also Japan's desire to take the initiative in discussions on global warming at the Group of Eight (G-8) Summit (the Lake Toya Summit in Hokkaido) in July. On the amount of aid, though, views in the government have yet to be unified. The proposed aid to Africa could end up as just a slogan.

TICAD was launched in 1993 as a policy arena for discussing African development. In the Third TICAD in 2003, then Prime Minister Junichiro Koizumi promised to offer one billion dollars in grant aid over five years, but the African side did not greatly appreciate it.

Behind this stance of Africa is the fact that other countries are paying a great deal of attention to it. China and India are rapidly approaching Africa recently in an attempt to secure its natural resources. They have held similar joint development conferences with Africa to the TICAD and have announced huge specific aid projects, such as infrastructure construction. Western countries have also been boosting their amounts of aid to Africa. Under such a situation, Japan is losing its influence, as it has reduced its official development assistance (ODA) disbursements.

Alarmed by the situation, the Foreign Ministry has been exploring ways to present a large amount of new aid at TICAD 4. The Finance Ministry, however, is still reluctant about financial disbursements to that end, citing revenue shortages. It remains to be seen whether Prime Minister Yasuo Fukuda will be able to give a specific amount in the upcoming conference.

Africa anticipates a huge financial contribution from Japan in return for its support of Japan over the issue of climate change. If its hopes are dashed, Japan might fall short of its aim of urging the United States and other countries, on the strength of support from Africa, to take specific measures to contain global warming.

15) Fukuda plans to meet separately with leaders of 42 African countries

MAINICHI (Page 5) (Excerpts) May 11, 2008

Prime Minister Yasuo Fukuda plans to meet separately with all the African leaders who will participate in the upcoming Fourth Tokyo International Conference on African Development (TICAD 4). The government has confirmed as of yesterday that the leaders (kings, presidents, and prime ministers) from 42 African countries are scheduled to attend the conference. In the previous conference held five years ago, then Prime Minister Junichiro Koizumi held meetings with 23 leaders. A Foreign Ministry official said: "It is unprecedented for a leader to hold this many summits during a short

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period of time."

Some in the government said that it would be difficult for the busy prime minister to hold meetings with all the participant leaders. But the African leaders who expect Japan's financial aid have expressed their desire to meet with the prime minister. In response to an unofficial inquiry with the prime minister's office from the Foreign Ministry, the office reportedly agreed to meet all the leaders.

South African President Thabo Mbeki and Ghana President John Agyekum Kufuor, chairman of the African Union (AU), will be included among the participants in the upcoming conference.

16) Global warming greenhouse gas reduction: Japan to set its own goal to be achieved by 2050; "Fukuda vision" to be released next month

TOKYO SHIMBUN (Page 1) (Full) May 11, 2008

In a speech given in Sapporo City, Chief Cabinet Secretary Nobutaka Machimura on May 10 indicated the government plan to reveal Japan's goal of cutting greenhouse gas emissions to be achieved by 2050.

The government has already mapped out the Cool Earth Promotion Program aimed at cutting greenhouse gas emissions throughout the world by 50 PERCENT by 2050. It has determined that it would be necessary to come up with Japan's own goal in the run-up to the Lake Toya G-8 to be held in Hokkaido in July. Prime Minister Fukuda will release it as the Fukuda Vision.

The government has already exchanged with Britain a memorandum stipulating that industrialized countries are able to cut greenhouse gases by 60-80 PERCENT by 2050. Its goal will be set, taking these percentages into account.

Referring to the Cool Earth Promotion Program, Machimura said, "The government has yet to come up with an answer regarding what Japan will do in 2050." He then said, "We are now making full preparations so that the prime minister can release a specific reduction target. We also want to work on other countries so that the G-8 will make headway successfully."

17) DPJ, PNP eye resolution calling for SOFA revision

MAINICHI (Page 5) (Full) May 10, 2008

In the wake of incidents caused by U.S. military personnel in Okinawa and other parts of Japan, the Democratic Party of Japan (Minshuto) and the People's New Party agreed on May 9 to present a resolution to the Diet for revising the Japan-U.S. Status of Forces Agreement.

18) DPJ execs cautious about censuring Fuyushiba

MAINICHI (Page 5) (Full) May 10, 2008

The leading opposition Democratic Party of Japan (Minshuto) held a

meeting of DPJ President Ichiro Ozawa and other party executives in  ${\tt TOKYO~00001280~011~OF~013}$ 

the Diet on May 9 to discuss what to do if the ruling coalition of the Liberal Democratic Party and New Komeito takes a second vote in the House of Representatives on a bill revising a special measures law for road-related tax revenues. The lower chamber is expected to revote on the bill on May 13 after it is voted down in the upper chamber.

The DPJ has now forgone submitting a motion censuring the prime minister in the House of Councillors. Instead, the DPJ leadership discussed a motion censuring Land, Infrastructure and Transport Minister Tetsuzo Fuyushiba. However, most of the DPJ executives were cautious about censuring Fuyushiba.

19) "Gasoline tax may be raised, if it is to finance measures to combat the greenhouse gases," says chief cabinet secretary

ASAHI (Page 2) (Full) May 11, 2008

Referring to the shifting of special-purpose road construction tax revenues to the general account, Chief Cabinet Secretary Machimura in a speech given in Sapporo City said, "If road revenues are freed up, a tax in another form would be levied on gasoline. If such a tax is intended as a measure to combat the greenhouse gases, the rate would be higher than the current level." His speech thus hinted at the possibility of raising the current level of the gas tax that includes the provisional portion in order to constrain gasoline consumption as part of measures to curb global warming.

20) Ruling parties to come up with measures to improve medical system for elderly in June with emphasis on low-income seniors

MAINICHI (Page 2) (Excerpts) May 12, 2008

LDP Secretary General Tadamori Oshima, appearing on an NHK talk show program yesterday, said regarding the controversial medical system for the aged: "Should low-income seniors continue paying (insurance premiums)? We have begun studying ways to improve the system. What must be corrected must be corrected by around late June." He thus indicated that the ruling parties would come up with a set of measures in June to reduce the burden on those with low incomes and dependents based on a plan to maintain the foundations of the system. New Komeito Diet Affairs Committee Chairman Yoshio Urushibara also expressed a similar view.

The government and ruling bloc attribute their defeat in the April 27 Yamaguchi by-election to strong public discontent with the medical system for the elderly. Prime Minister Yasuo Fukuda announced in a press conference on April 30 a plan to examine problems associated with the system by mid-June when insurance premiums will be automatically deducted from pension benefits for the second time and take fiscal steps as necessary. The Upper House LDP also plans to come up with its own measures later this month, and the New Komeito, too, began discussions on May 8.

21) Many in ruling parties feel it is not necessary to extend current Diet session, depriving DPJ chance to attack

TOKYO SHIMBUN (Page 2) (Full) May 10, 2008

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An increasing number of ruling camp lawmakers now feel it is unnecessary to extend the current regular Diet session, which is to be closed on June 15. The reason is because it appears likely that even if the ruling parties readopt the bill amending the Road Construction Revenues Special Exemption Law, deliberations on the remaining bills would go smoothly during the current session, now that the Democratic Party of Japan (DPJ) has decided not to submit a

censure motion against Prime Minister Fukuda. Fukuda, suffering from poor support ratings for his cabinet, is also motivated by the desire to deny opportunities for the DPJ to pursue him in the Diet.

The ruling parties enacted as many bills as possible before they took a revote on April 30 to pass the bill amending the Special Taxation Measures Law. The tactic was adopted out of readiness for the DPJ likely rejecting Diet deliberations for the rest of the term, and even adopting a censure motion against the prime minister in the Upper House following the readoption of the bill amending the Special Taxation Measures Law.

As a result, a plan to extend the session for about 10 days was floated. The reason was to allow time to readopt in the Lower House those bills that had cleared the Lower House on April 17 or later by using the 60-day rule (Article 59 of the Constitution that states if the upper house fails to take final action within 60 days after receipt of a bill passed by the lower house, the lower house can consider the bill rejected by the upper chamber). In response, the DPJ shifted to a strategy of reserving its "card" of submitting a censure motion against the prime minister. Diet deliberations thus will likely progress smoothly even after the readoption of the bill amending the Road Construction Revenues Special Exemption Law.

Commenting on this situation, one senior Liberal Democratic Party (LDP) member on the 9th pointed out, "We will steadily secure Diet passage for bills that have been sent to the Upper House during the remaining weeks of the session. It is unnecessary to extend the Diet." A source related to the LDP Diet Policy Committee underscored, "If the Diet session ends, the opportunities for the DPJ to attack the ruling parties would decrease significantly."

One senior New Komeito member also said, "It is better not to extend the Diet session. There are now no bills that will likely necessitate a revote in the Lower House owing to confrontation between the ruling and opposition camps."

22) Hiranuma, Watanuki to launch "Yajin no Kai," anti-LDP policy group, in anticipation of political realignment

MAINICHI (Page 2) (Excerpts) May 12, 2008

Former Economy, Trade, and Industry Minister Takeo Hiranuma, who has bolted the Liberal Democratic Party by opposing the privatization of postal businesses, and the People's New Party Representative Tamisuke Watanuki, will launch a new policy study group tentatively called the Yajin no Kai under the banner of anti-LDP. They plan to establish the new group, composed of seven members, mostly PNP and conservative independent lawmakers, later this month.

Hiranuma and Watanuki, both known as postal rebels, have strong sentiments toward the LDP before the postal privatization. They are apparently planning to launch the study group to create a "third pole" with a view to political realignment.

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Muneo Suzuki also attends meeting

A meeting was held in Tokyo on the night of May 8 ostensibly to cerebrate Watanuki's birthday. Besides Hiranuma and Watanuki, the meeting brought together PNP Secretary General Hisaoki Kamei, New Party Daichi Representative Muneo Suzuki, Sozo leader Mikio Shimoji, and independent and former Construction Minister Kishiro Nakamura, and others. They agreed on a stance to oppose the Fukuda administration's policy course.

Touching on his cooperation with Watanuki, Hiranuma said a commercial television program yesterday: "I share the same views with the People's New Party, especially Mr. Watanuki." Hiranuma also expressed his eagerness to launch a new political party before the next Lower House election by citing his talks on April 28 with Democratic Party of Japan President Ichiro Ozawa, saying: "Mr. Ozawa strongly urged me to establish a new political party. Having the deciding vote is the new body's mission."